



October 31, 2022

Department of the Army  
Los Angeles District, U.S. Army Corps of Engineers  
Attn: Shannon Pankratz  
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**RE: PETERSEN RANCH MITIGATION BANK AREA A 4TH CREDIT RELEASE [USACE  
FILE NO: SPL-2012-00669-BEM, CDFW TRACKING NO: 1798- 2013-04-R5]**

Dear Interagency Review Team:

With this letter Land Veritas (Bank Sponsor) formally requests a partial fourth credit release for Area A of the Petersen Ranch Mitigation Bank (Bank).

Sections VII.A.1.d, VII.C.1.d, and VII.D.2.a(4) of the Bank Enabling Instrument (BEI) state that the fourth credit release (up to an additional 15% of the total anticipated credits) shall occur when:

- i. The Bank Sponsor has submitted the Fourth Year Monitoring Report as required by the Development Plan;*
- ii. Year 4 Performance Standards have been attained;*
- iii. The Bank Sponsor funds a minimum of 70% of the Endowment Amount per Section VI.E.2c;*
- iv. Release 3 has occurred; and*
- v. IRT Site Visit*

Item (i) was completed on November 15, 2021, with the submission of the 2021 Annual Monitoring Report to the Interagency Review Team (IRT), which covers the Fourth Year of performance monitoring for Area A.

**Ex. 4 CBI**



Item (iii) was completed on October 28, 2022. Per Exhibit D-2 of the BEI, the total Endowment Fund will include a long-term management account and an easement compliance account. The easement compliance account was fully funded prior to bank establishment. On October 28, 2022, Land Veritas deposited \$ Ex. 4 CBI into the Long-Term Management Endowment Fund Account managed by the Southwest Resource Management Association (Table 7). Upon deposit, 70% of the total inflation adjusted long-term management amount for Area A was funded. A receipt for the deposit amount is included as Attachment C.

Item (iv) was completed between April and June 2021. On April 22, 2021, June 16, 2021, and June 23, 2021, the California Department of Fish and Wildlife (CDFW), United States Army Corps of Engineers (USACE), and the Lahontan Regional Water Quality Control Board (RWQCB), respectively, approved the third credit release for Area A of the Bank.

Item (v), Land Veritas hosted a site visit for members of the Interagency Review Team on April 19, 2022.

The Bank's credit ledgers are attached to this letter for your review (Attachment D). Detailed credit release accounting in the ledger is submitted as Attachment E.

Finally, the Bank Sponsor is prepared to pay the proportionally appropriate amount of the CDFW Implementation Fee in full to CDFW following the procedures described in Sections VII.C.5 and VII.D.2(b) of the BEI. The amount to be funded will be equal to 15% of the total Implementation Fee. To date we have paid \$33,826.52, or 55% of the total Implementation Fee. The additional 15% Implementation Fee payment in the amount of \$9,225.41 will be paid no later than by the submittal of the 2022 Annual Monitoring Report, or November 15, 2022.

Based on the successful attainment of these release criteria, the Bank Sponsor requests that the IRT release all eligible credits associated with the Area A fourth credit release as summarized in Tables 1 – 6.

Sincerely,

H. Tracey Brownfield, President  
Land Veritas Corp

CC:  
Melissa Scianni, EPA Region IX  
Lisa Gymer, CDFW Region 5  
Tiffany Steinert, Lahontan Regional Water Quality Control Board

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Table 7. Endowment funding status, Area A

Endowment Fund Financial Accounting		Easement Compliance Endowment	Long-Term Management Endowment	Total Area A Endowments
SCE Endowment Amount (Funded 12/30/2014)		<div>Ex. 4 CBI</div>		
Original Area A Amount Required <sup>1</sup>				
2021 CPI Adjusted Area A Amount (16.5%) <sup>2</sup>				
Total Adjusted Area A Endowment Amount <sup>3</sup>				
Initial Deposit <sup>4</sup>	Amount			
	Deposit Date			
Deposit #1	Amount			
	Deposit Date			
Deposit #2	Amount			
	Deposit Date			
Deposit #3	Amount			
	Deposit Date			
Deposit #4	Amount			
	Deposit Date			
Total Bank Sponsor Deposits				
Percent 2021 CPI Adjusted Area A Amount Funded <sup>5</sup>				
TOTAL FUNDED AMOUNT <sup>6</sup>				
Net Amount of Investment Earnings, Gains, and Losses <sup>7,8</sup>				
Expenditures <sup>8</sup>				
CURRENT BALANCE <sup>8</sup>				

<sup>1</sup> Amount agreed upon in the BEI, executed on 5/11/2016.

<sup>2</sup> Endowment amounts are adjusted annually using Consumer Price Index (CPI) data from the CA Department of Industrial Relations, Division of Labor Statistics and Research. Adjustments are made by April 1<sup>st</sup> until the Endowment Fund is fully funded. Starting in 2020 following approval of the IRT, annual adjustments will be made comparing the annual average of 2016 to the annual average of the full year preceding the year of reporting.

<sup>3</sup> Equal to the SCE Endowment Amount and Adjusted Area A Amount

<sup>4</sup> Initial deposits were made by SCE to cover their portion of the endowment funding requirements (BEI Exhibit D-2).

<sup>5</sup> The percent of Bank Sponsor Deposits applied to the Adjusted Area A Amount.

<sup>6</sup> Equal to the sum of all deposits made and the SCE endowment fund amount.

<sup>7</sup> Including realized and unrealized earnings.

<sup>8</sup> Financial reporting provided by SRMA for FY2021 through June 30, 2021 and does not include Deposit #3 amount.





## Attachment A

### Area A – Year 4 (2021) Performance Monitoring Results by Credit Type

## AREA A – YEAR 4 (2021) PERFORMANCE MONITORING RESULTS BY CREDIT TYPE

The following document has been prepared to explain how each performance standard was or was not achieved for each credit type in 2021. The document synthesizes the following:

- General performance standard measurement and assessment processes at the Petersen Ranch Mitigation Bank;
- Performance monitoring structure at Area A; and
- 2021 performance monitoring results for each Restoration Site and Enhancement Area at Area A, including:
  - 2021 CRAM Results;
  - 2021 UPS Results;
  - Explanation of whether performance standards were achieved;
  - List of credit types from each Restoration Site or Enhancement Area; and
  - Whether those credit types are eligible for release with this request letter.

### General Performance Monitoring Measurement and Assessment Process

Per the BEI, Exhibit C-1 Development Plan, “Performance Standards include both CRAM-based Performance Standards and Uniform Performance Standards (UPS) measured using permanent transects. ... Monitoring the established, re-established, rehabilitated, and enhanced habitats will occur annually throughout the performance monitoring period beginning the first spring following completion of the mitigation activities. Data will be collected in each monitoring year during spring or early summer to assess native vegetation.”

The following excerpts from the BEI, Exhibit C-1 Development Plan document how the performance monitoring data will be evaluated and interpreted by the IRT agencies to assess performance and determine how credits should be released:

*“The USACE and the Lahontan RWQCB will base performance of each Restoration Site using the results of both CRAM and UPS, while CDFW will determine performance of each restoration site using data collected during UPS monitoring.” (Development Plan, Part I, Section 6.0)*

*“Due to limitations in the way CRAM is scored, there is the potential for measurable improvements in the restored habitats to not be adequately reflected in the CRAM scores. To ensure changes in enhanced habitats are captured, and measured, UPS have been established for each CRAM metric. Mitigation actions will be considered as meeting their performance standards for the USACE and Lahontan RWQCB when they have met both the UPS and the target CRAM scores. If the Target CRAM score is not met for any metric during years 3, 4, and 5, the UPS may be used by the USACE/Lahontan RWQCB to determine if and to what degree the restored habitats are meeting the performance standards. Likewise, if the UPS is not met, the Target CRAM may be used. In such an event, the USACE would also make a case-by-case determination if full, partial, or no release of credits would be warranted. The Final Performance Standard will not be met until the target CRAM score has been achieved. For 1600 and CEQA credits, performance of the mitigation activities will be based solely on meeting the UPS.” (Development Plan, Part I, Section 6.1.2)*

Practically, the guidelines presented in the Development Plan are implemented each year through the annual reporting process. Both CRAM and UPS data is collected annually and presented to the IRT via annual monitoring reports. The report attempts to present performance standards as being met or not met in accordance with the Development Plan as outlined above. For example, performance standards of USACE and Lahontan RWQCB mitigation actions are presented as “met” if either the CRAM or corresponding UPS metric’s performance standard is met. However, it is within the USACE and Lahontan RWQCB discretion to evaluate the data and make their own determination as to whether the performance standards have been met. Similarly, we evaluate CDFW mitigation actions against the UPS performance standards only, consistent with the procedures outlined in the Development Plan. We seek to provide as much data as possible to support and inform USACE, Lahontan RWQCB, and CDFW’s evaluation of performance.

### **Performance Monitoring Structure at Area A**

Performance standards for the Petersen Ranch Mitigation Bank are assessed at and tailored to specific restoration and enhancement areas, as outlined in the BEI (Exhibit C-1 Development Plan). Activities performed in each restoration and enhancement area generate credits. For credits to be eligible for release, the performance standards for the restoration or enhancement areas from which the credits are generated must be met.

At Area A, there are three distinct areas assessed for performance:

- Area A Rift Valley Restoration Site
- Area A Petersen Stream Restoration Site
- Area A Enhancement Areas

Credits generated from the Rift Valley and Petersen Stream Restoration Sites are either 404 uniform re-establishment credits or 1600 restoration credits (re-establishment or rehabilitation). These credits must meet their respective Restoration Site-specific performance standards to be eligible for release.

In addition, there are habitats outside of these distinct restoration sites that have been awarded either enhancement or preservation credits. Enhancement credits must meet the Enhancement Area performance standards to be eligible for release. There are no performance standards associated with preservation credits; therefore, preservation credits do not need to meet performance standards to be eligible for release.

Performance Standards for the Area A Rift Valley Restoration Site, Area A Petersen Stream Restoration Site, and Area A Enhancement Areas are compiled in Attachment A - Appendix 1 for reference.

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Attachment B

Detailed Accounting of Credits Not Requested for Release

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Attachment C

Area A Long-Term Management Endowment Deposit #3 Receipt

# **Ex. 4 CBI**



Attachment D

Ledgers

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Attachment E

Detailed Credit Release Ledger Accounting

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